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# MULTIMEDIA UNIVERSITY

## FINAL EXAMINATION

TRIMESTER 1, 2016/2017

### BOD 3134 – ORGANISATION DEVELOPMENT

(All sections / Groups)

19<sup>th</sup> OCTOBER 2016

2:30 p.m – 4:30 p.m

(2 Hours)

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#### INSTRUCTIONS TO STUDENT

1. This Question paper consists of **FOUR (4) pages with TWO (2) SECTIONS**.
2. Attempt **TWO (2)** out of **THREE (3)** questions in **SECTION A**. Answer **ALL** questions in **SECTION B**. All questions carry equal marks and the distribution of the marks for each question is given.
3. Write all your answers in the Answer Booklet provided.

**SECTION A: Answer TWO (2) questions only. (50 marks)****QUESTION 1**

- a) ACME Building Supplies is about to introduce a new customer service program that will affect all of its 200 sales and service employees. Job duties will be changed and the employee reward system will be altered to fit this new customer focus. Moreover, the company wants to improve the efficiency of work processes, thereby removing some of the comfortable (and often leisurely) routines that employees have followed over the years. Identify and describe **FOUR (4)** types of forces resisting change that the company will potentially experience during this change process. (12 marks)
- b) Socialization is most intense when people pass through organization boundaries. List and describe the **THREE (3)** basic socialization responses and tell under what conditions each may be appropriate. (13 marks)
- (Total: 25 marks)

**QUESTION 2**

- a) The CEO of a small manufacturing company that employs 120 employees recently heard about action research approach as a means to bring about organizational change. The CEO wants to use approach to convince employees that they need to reduce costs to remain competitive. The CEO has asked you to explain to him organizational change process based on the 8-steps of action research approach and how well it might work for the company. (12 marks)
- b) Self-awareness is increasingly recognised as an important ingredient for effective leadership. Suppose that you are responsible for creating a leadership development program in a government organization and have decided to adopt Johari Window in the program. Briefly describe to your boss on what is Johari Window and how can you use the Johari Window Model as a tool to understand interpersonal communications and increase self-awareness. (13 marks)
- (Total: 25 marks)

**QUESTION 3**

- a) You have been asked to lead a complex software project over the next year that requires the full-time involvement of approximately 100 people with diverse skills and backgrounds. Using your knowledge of work team, how can you develop an effective team under these conditions? (10 marks)
- b) You have been given the unique opportunity to develop a 'greenfield' site for a new production facility. A 'greenfield site' means that the entire operation is new, including employees, structure and practices. You want to ensure that the new plant supports self-managed work teams, unlike other company facilities which mainly focus on individual performance. Describe at least **FIVE (5)** elements of the organisational and team environment that you need to consider that influence the self-managed work team's effectiveness. (15 marks)
- (Total: 25 marks)
- Continued...**

**SECTION B: Read the case and answer ALL questions. (50 marks)****CASE STUDY: TRANSACT INSURANCE CORP.**

TransAct Insurance Corporation (TIC) provides automobile insurance throughout the south eastern United States. Last year, a new president was hired by TIC's board of directors to improve the company's competitiveness and customer service. After spending several months assessing the situation, the new president introduced a strategic plan to strengthen TIC's competitive position. He also replaced three vice presidents. Jim Leon was hired as vice president of claims, TIC's largest division, with 1,500 employees, 50 claims center managers, and 5 regional directors.

Jim immediately met with all claims managers and directors, and he visited employees at TIC's 50 claims centers. As an outsider, this was a formidable task, but his strong interpersonal skills and uncanny ability to remember names and ideas helped him through the process. Through these visits and discussions, Jim discovered that the claims division had been managed in a relatively authoritarian, top-down manner. He could also see that morale was very low and employee-management relations were guarded. High workloads and isolation (adjusters work in tiny cubicles) were two other common complaints. Several managers acknowledged that the high turnover among claims adjusters was partly due to these conditions.

Following discussions with TIC's president, Jim decided to make morale and supervisory leadership his top priority. He initiated a divisional newsletter with a tear-off feedback form for employees to register their comments. He announced an open-door policy in which any claims division employee could speak to him directly and confidentially without going first to the immediate supervisor. Jim also fought organizational barriers to initiate a flextime program so that employees could design work schedules around their needs. This program later became a model for other areas of TIC.

One of Jim's most pronounced symbols of change was the "Claims Management Credo" outlining the philosophy that every claims manager would follow. At his first meeting with the complete claims management team, Jim presented a list of what he thought were important philosophies and actions of effective managers. The management group was asked to select and prioritize items from this list. They were told that the resulting list would be the division's management philosophy and all managers would be held accountable for abiding by its principles. Most claims managers were uneasy about this process, but they also understood that the organization was under competitive pressure and that Jim was using this exercise to demonstrate his leadership.

The claims managers developed a list of 10 items, such as encouraging teamwork, fostering a trusting work environment, setting clear and reasonable goals, and so on. The list was circulated to senior management in the organization for their comments and approval and sent back to all claims managers for their endorsement. Once this was done, a copy of the final document was sent to every claims division employee. Jim also announced plans to follow up with an annual survey to evaluate each claims manager's performance.

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This concerned the managers, but most of them believed that the credo exercise was a result of Jim's initial enthusiasm and that he would be too busy to introduce a survey after settling into the job.

One year after the credo had been distributed; Jim announced that the first annual survey would be conducted. All claims employees would complete the survey and return it confidentially to the human resource department where the survey results would be compiled for each claims center manager. The survey asked the extent to which the manager had lived up to each of the 10 items in the credo. Each form also provided space for comments.

Claims center managers were surprised that a survey would be conducted, but they were even more worried about Jim's statement that the results would be shared with employees. What results would employees see? Who would distribute these results? What happens if a manager gets poor ratings from his or her subordinates? "We'll work out the details later," said Jim in response to these questions. "Even if the survey results aren't great, the information will give us a good baseline for next year's survey."

The claims division survey had a high response rate. In some centers, every employee completed and returned a form. Each report showed the claims center manager's average score for each of the 10 items, as well as how many employees rated the manager at each level of the 5-point scale. The reports also included every comment made by employees at that center.

No one was prepared for the results of the first survey. Most managers received moderate or poor ratings on the 10 items. Very few managers averaged above 3.0 (out of the 5 points) on more than a couple of items. This suggested that, at best, employees were ambivalent about whether their claims center manager had abided by the 10 management philosophy items. The comments were even more devastating than the ratings. Comments ranged from mildly disappointed to extremely critical of the claims managers. Employees also described their long-standing frustration with TIC, high workloads, and isolated working conditions. Several people bluntly stated that they were skeptical about the changes that Jim had promised. "We've heard the promises before, but now we've lost faith," wrote one claims adjuster.

The survey results were sent to each claims manager, the regional director, and employees at the claims center. Jim instructed managers to discuss the survey data and comments with their regional manager and directly with employees. The claims center managers, who thought employees would see only the average scores, went into shock when they realized that the reports included individual comments. Some managers went to their regional director, complaining that revealing the personal comments would ruin their careers. Many directors sympathized, but the results were already available to employees.

When Jim heard about these concerns, he agreed that the results were lower than expected and that the comments should not have been shown to employees. After discussing the situation with his directors, he decided that the discussion meetings between claims managers and their employees should proceed as planned. To delay or withdraw the reports would undermine the credibility and trust that Jim was trying to develop with employees. However, the regional director attended the meeting in each claims center to minimize direct conflict between the claims center manager and employees.

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Although many of these meetings went smoothly, a few created harsh feelings between managers and their employees. The sources of some comments were easily identified by their content, and this created a few delicate moments in several sessions. A few months after the meetings, two claims center managers quit and three others asked for transfers back to non-management positions in TIC. Meanwhile, Jim wondered how to manage this process more effectively, particularly since employees expected another survey the following year.

*Source: Steven L. McShane and Terrance J. Bogy, 2000.*

### **QUESTION 1**

What symptom(s) exist in this case to suggest that something has gone wrong? Identify at least **FOUR (4)** symptoms.

(8 marks)

### **QUESTION 2**

What are the root causes that have led to these symptoms? Identify and discuss at least **THREE (3)** major root causes.

(15 marks)

### **QUESTION 3**

What actions should the company take to correct these problems?

(12 marks)

### **QUESTION 4**

What are the **FIVE (5)** major factors that Jim should have take into consideration before implementing the change process?

(15 marks)

(Total: 50 marks)

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